



**NEIGHBORHOOD ENHANCEMENT COMMISSION
REGULAR MEETING**

**Thursday, May 11, 2006
Civic Center Conference Room
3rd Floor One Civic Center
7447 E. Indian School Road**

PRESENT: John Shultz, Chairman
Patricia Badenoch, Vice-Chair
Christine Schild, Commissioner

ABSENT: Lisa Haskell, Commissioner (excused)
John Horwitz, Commissioner
Aaron Kern, Commissioner
Jim Pompe, Commissioner (excused)

STAFF: Raun Keagy, Neighborhood Services Director
Joanie Mead, Neighborhood Education Manager

CALL TO ORDER/ROLL CALL

Chairman Shultz called the meeting to order at 5:45 p.m. A roll call confirmed the presence of Commissioners as noted above. A quorum was not present.

1. Approval of March 22, 2006 Minutes.

Approval of minutes was tabled until next month's meeting.

2. Discussion and Possible Commission Action on Changes to the Neighborhood Enhancement Partnership (NEP) Program Guidelines and Application Process and Discussion about Temporary Subcommittees for the Purpose of Strategic Planning and Review of NEP Guidelines.

Distinctions Between HOAs and Non-HOAs (3 Categories):

Commissioner Schild suggested that the Commission focus on beautification projects, including but not limited to landscaping, new irrigation, et cetera, allowing both HOAs

and non-HOAs to participate with HOAs still having the \$2,500 cap. She stated that maintenance related projects could be limited to non-HOA neighborhoods.

Commissioner Schild stated that if the Commission defined it from the perspective of a project rather than the applicant, they could make distinctions between HOAs and non-HOAs, providing a broader application of the guidelines to the non-HOA neighborhoods. More projects could be made available to non-HOA neighborhoods than HOA neighborhoods, in addition to the \$2,500 limit. By adding a category like community-based projects, they could support churches or schools with beautification projects.

Commissioner Schild explained they would then have three categories:

- 1) Projects which are available to everybody.
- 2) Projects which are only available to traditional neighborhoods.
- 3) Projects which are community-based and receive funding in a specific way.

Commissioner Schild elaborated that as long as there is a rational basis for the distinctions, the Commission can choose any way to distinguish between these three categories.

Chairman Shultz agreed, commenting that if they want to limit the money being given to HOAs, they could just drop the cap to \$1,000. Commissioner Schild agreed that they could also look at it that way. The Commission could remove the restriction on maintenance and state that it will fund any project that is reasonably related to beautification, maintenance, water conservation, etc.

Community-Based Projects (Churches/Schools):

Commissioner Schild inquired about community-based projects. Discussion ensued regarding community-based projects such as Treasures N Trash, GAIN, and the Tonalea Elementary School.

Mr. Keagy opined that churches and schools should not be addressed. Stating that their improvements are occurring on private property. One could argue that HOAs are private property too, but in reality it is commonly held private property. Commissioner Schild commented that these are places of public accommodation even though it is private property.

Chairman Shultz agreed with Mr. Keagy, inquiring whether they could take the same stance as Glendale. Glendale does not grant money to schools, and if they did, they would request a match up to at least 66% from the School District. Mr. Keagy argued that would be a nice compromise, because they would have the ability to get a matching source rather than a non-associated neighborhood. Commissioner Schild reported that in the Tonalea case the project became much larger because the PTO did match funding.

Commissioner Schild stated that even though a church is not-for-profit, it may in fact be able to match a grant. She suggested that a church could do fund-raising to come up with a match.

Chairman Shultz inquired how the Commission would handle a charter school, especially when the building is rented. Discussion followed regarding grants being given to tenants in the past.

Mr. Keagy stated that regardless of what changes may be suggested, funding to individuals cannot be included as this would constitute a "gift of public funds" and would normally be considered as a violation of State law.

In response to Commissioner Schild's inquiry about whether the Boy Scouts are a neighborhood group, Chairman Shultz clarified that they are a national not-for-profit organization. He also reported that the Girl Scouts made almost \$45 million on Girl Scout cookies last year. Chairman Shultz agreed with Vice-Chair Badenoch on reserve studies and organizations having to prove why they are unable to match a grant.

Glendale Grant Application Comparison:

Chairman Shultz reported that registered Neighborhood Associations and HOAs are the only organizations that can apply for grants in Glendale and they must fill out the lengthy application.

Mr. Keagy stated that the Seattle program was more project-based vs. applicant-based. A community group does not compete for the same dollars as HOAs or neighborhood groups. Chairman Shultz commented they were pushed more into the CDBG type qualifications.

Chairman Shultz reported that in order to get grant funding, the Glendale program requires that a specific percentage of registered neighbors be in agreement with the project. Grants are made twice a year and the eleven-member Commission votes on the project before it goes to Council. He clarified that once a neighborhood gathers signatures or ballots from registered homeowners backing the project, these are good for one full year.

In response to Commissioner Schild's inquiry about graffiti, Chairman Shultz pointed out that they have a graffiti removal program and that could not be a grant project. Commissioner Schild opined that graffiti abatement is just patchwork painting.

Chairman Shultz reported that the Glendale grant program budget is approximately \$750,000, of which \$100,000 is used to cover staff, supplies, quarterly Commissioner bus tours, etc.

Chairman Shultz stated that the guidelines provide a definition of what constitutes a neighborhood (i.e. a minimum of 20 homes), allowing neighborhoods to self-define their group. Ms. Mead reported that currently the NEC Guidelines require neighborhood groups to have 50% participation. Discussion followed regarding Villa La Playa in McCormick Ranch initially being turned down for a grant, returning later as an HOA and then being approved.

Reserve Disclosure:

In response to Vice-Chair Badenoch's inquiry about reserves being revealed, Chairman Shultz explained that currently the Commission could ask to see them but they cannot

be required. He stated that Glendale requires the reserves be shown in order to qualify for their program.

Mr. Keagy suggested that the Commission take this issue to City Council, telling them the Commission wants to require applicants' reserves to be shown when applying for NEP grants. Then City Council can refer it to the City Attorney for review .

Commissioner Schild pointed out that they have a discretionary grant program and they can impose any requirement on the grant applicants as long as they are not discriminatory and the requirements apply to all applicants. If an applicant does not want to disclose their reserve funds to the City to get grant money then they can choose not to participate.

Discussion ensued regarding the possibility of fewer grant applicants should the qualifying amount be reduced to \$1,000 for HOAs. Commissioner Schild suggested that the Commission raise the grant amount, requiring a reserve study and a match of up to approximately 66% to 75%, followed by the removal of the maintenance restrictions in the Guidelines.

Ms. Mead stated that reserve studies are done to identify the capital type items that will ultimately need to be replaced in a Homeowners Association. Since most Associations cannot use their reserve funds for anything other than the specific purpose it was set aside for, they typically do not have funds available for beautification projects in their normal operating budget.

Chairman Shultz stated that Associations have the option of using part of their reserves in order to qualify. Previous experience has revealed that inflation has been particularly severe in construction costs and this pressure may motivate applicants to do whatever it takes to be approved before costs rise even more.

Grant Amounts and Timelines:

Chairman Shultz suggested that they offer the \$75,000 as one single grant, allowing all interested applicants to fight it out. Commissioner Schild reported that the largest grant the NEC has approved was \$7,500.00. Discussion followed regarding a larger number of smaller grants vs. one very big grant.

Commissioner Schild pointed out that they could structure it so the grant becomes a consent agenda item before City Council, accompanied by a list of applicants approved by the Commission and any staff recommendations.

Ms. Mead stated that City Council would not want to see grant applications on a monthly basis. Commissioner Schild reported that the Commission accepts HOA applications twice a year and it should go before City Council for consent twice a year. Mr. Keagy suggested they submit them on a quarterly basis.

Mr. Keagy pointed out that as a result of the audit, it was revealed that the NEC was not requiring HOAs to demonstrate they truly need the grant money. Chairman Shultz suggested that they find out what partnership factor the HOAs have.

Commissioner Schild argued that HOAs could quality for up to \$5,000, showing the Commission their reserves, and meeting the requested match of up to 75% of the project. Financial information could be required for all grants where the total project exceeds \$10,000 in cost.

In response to Chairman Shultz's request for no maximum cap, Commissioner Schild suggested that they cap the grants at \$10,000 or \$15,000. Chairman Shultz then suggested they set one grant at \$10,000, leaving the balance for smaller grants. This would bring forth larger significant projects, and if the NEC was unable to fund the whole project, they could at least fund part of it.

Commissioner Schild clarified the grant split would be \$10,000 for one large project, leaving \$65,000 for smaller projects that are \$1,000 or less, including any previously approved projects not yet paid.

Ms. Mead reported that the Rock the House program (approximately 30-35 projects at \$500 each) will also be deducted from the approved \$75,000 grant. Programs such as Treasures 'n Trash and GAIN will now be taken out of the operating budget. Ms. Mead suggested that in 2007 they propose that Rock the House also be deducted from the operating budget.

Mr. Keagy noted that the applicants have 6 months to a year (including extensions) to complete their projects once approved and the money is not deducted until they claim it. Currently approximately \$12,000 worth of approved projects have not yet been claimed.

Ms. Mead explained that once they deduct \$17,500 for Rock the House and \$12,000 for previous projects, the remaining balance will be approximately \$45,000.

Guideline Changes Agreed Upon:

1. Commissioner Schild suggested that they retain \$5,000 for small projects less than or equal to \$1,000 (equaling \$5,000 altogether), leaving \$40,000 for large project money.
2. Chairman Shultz reiterated that there would be new guidelines for HOAs, no schools or churches, and traditional registered neighborhoods must have a minimum of 20 homes. He stated that HOAs would need to show proof of financial need along with operating and reserve studies, and a match requirement of up to 75% of the cost of the project. Chairman Shultz pointed out that traditional neighborhoods will not have to come up with matching funds.
3. Commissioner Schild stated that the Guidelines language should still state the project should be related to beautification, conservation, and safety. Beautification can also be considered the same as maintenance—painting fences, irrigation, etc.
4. Chairman Shultz suggested that they do funding in October/November and March (the beginning of the budget period). He pointed out that they want the program to be such a success, the Commission will have to go to City Council and show them that more money is needed for projects the Commission had to reject.

5. Commissioner Schild suggested that they set deadlines for applicants to collect the grant money by May 31st or March 31st of the current fiscal year, with provisions that if not collected, the grant money will revert to the small fund or will be awarded to another applicant.

Ms. Mead reported that they will be able to carry over unclaimed funds without risk of forfeiture. Mr. Keagy recommended that the smaller grants be allowed six months to complete their project and collect the funds, or they will be forfeited. In response to Ms. Mead's suggestion that they allow for delays caused by weather and other unforeseen issues, Chairman Shultz stated that they should be allowed to collect the funds by the end of the fiscal year the grant award is made.

Discussion ensued regarding the Commission going before City Council to make recommendations on how their money should be spent. Commissioner Schild suggested that they present their projects in ranked order and let Council decide which ones get funding. Chairman Shultz suggested that they take the \$40,000 and split it up amongst the approved projects, letting Council know that they could only fund part of the projects.

Ms. Mead reported that the NEP Program Guidelines must be finalized and voted on by the June 8, 2006 meeting in order for the draft to be submitted by June 12th.

3. Staff and Commission Updates (A.R.S. § 38-431.02 (K)).

There was no staff update.

4. Open Call to the Public (A.R.S. § 38-431.02)

No members of the public wished to address the Commission.

5. Next Meeting Date and Future Agenda Items

The consensus of the Commission was to meet again on Thursday, May 25, 2006 in order to finalize the Guidelines for voting on June 8, 2006. Chairman Shultz is unable to attend on May 25. Commissioner Schild advised that she is unable to attend the June 8th meeting.

Mr. Keagy suggested that the Commission use tonight's minutes to prepare suggested Guidelines for review at the May 25, 2006 meeting.

ADJOURNMENT

With no further business to discuss, being duly moved and seconded, the meeting adjourned at 7:26 p.m.

Respectfully submitted,
AV-Tronics, Inc.

Officially approved by the Neighborhood Enhancement Commission on _____